



Asili

Establishment of a Sustainable Social Enterprise Approach to create healthier, more resilient, economically empowered communities in South Kivu, eastern DRC

Annual Report

[2015] (YI) – January 1 to December 31, 2015

Funded by USAID

Submission Date: 01, 30, 2016

Award Number: AID-OAA-A-15-00026

Country/Region: Democratic Republic of Congo

Activity Start Date and End Date: 06, 08, 2015 to 12, 31, 2017

Agreement Officer: Jimmie Curtis

Total Award: \$2,999,986

American Refugee Committee International

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I. PROGRAM OVERVIEW

Program Title:	Establishment of a Sustainable Social Enterprise Approach to create healthier, more resilient, economically empowered communities in South Kivu, eastern DRC
Reporting Period:	01,01,2015 – 12,31,2015 (includes pre-award period to 1/1/2015)
Award Number:	AID-OAA-A-15-00026
Geographic Coverage	Bukavu, South Kivu, Democratic Republic of Congo
Activity Start Date and End Date:	07, 09, 2015 to 12, 31, 2017
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Name of Implementing Partner:	American Refugee Committee (Asili)

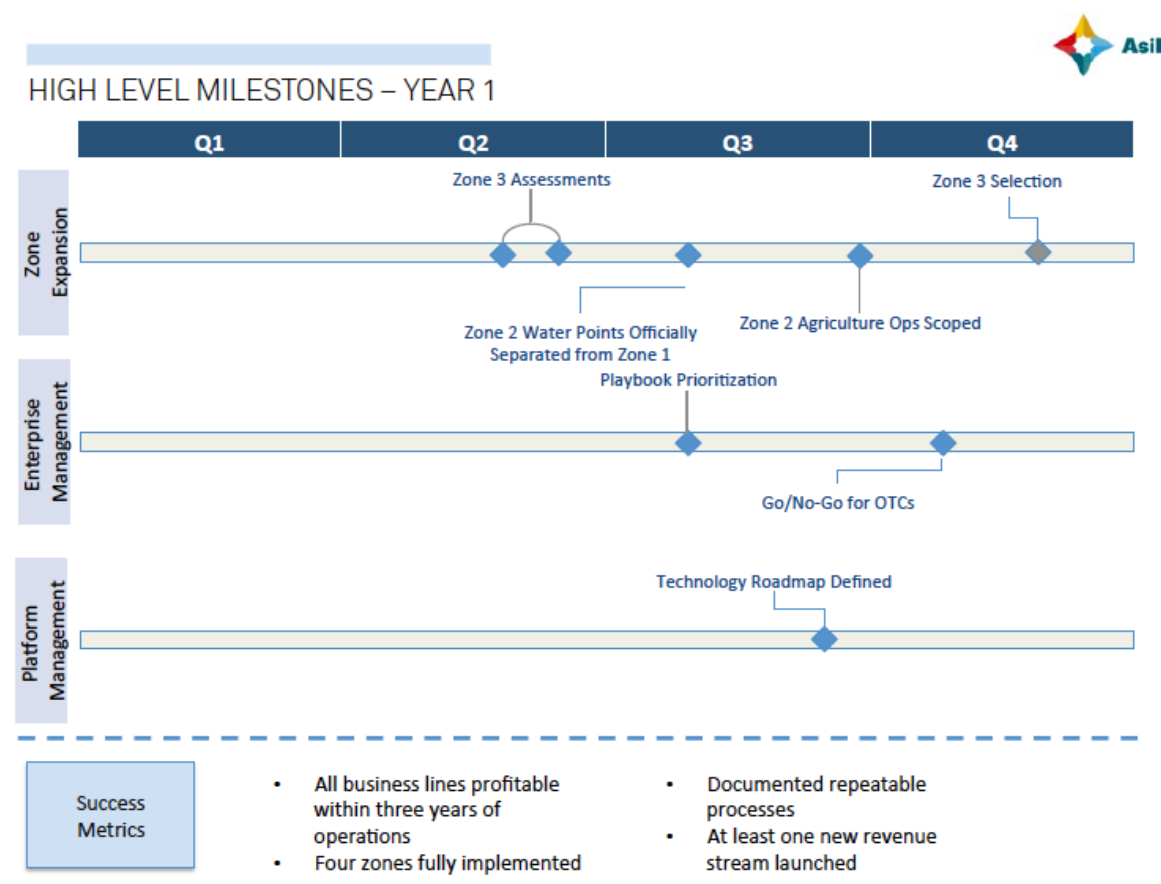
I.1 Program Description/Introduction

The American Refugee Committee (ARC) develops programs to help solve social problems by co-creating innovative solutions with committed partners. The leading causes of mortality and morbidity among children under five are preventable and treatable diseases, such as diarrhea, malaria, and acute respiratory infections (ARIs). ARC and its network of committed partners developed the Asili concept to solve this problem. The primary goal of Asili is to develop an integrated, scalable delivery solution to dramatically improve child survival and maternal health in South Kivu, DRC. Asili will implement a sustainable social enterprise platform to create healthier, more resilient, economically empowered, and functional communities in South Kivu.

The Asili platform utilizes the three distinct components of a unified Asili brand, virtual data management tools, and a rigorous business model unified by membership in a single co-operative. Combining these components will allow Asili to provide high quality services to a unique customer segment while tracking to a three-year profitability horizon. Asili will provide access to clean drinking water, quality food, agricultural inputs and markets, and quality healthcare to communities in the region. Preliminary data shows very high uptake of services by women, and it is expected that with the onset of the rainy season, the clinic will see a significant increase in visits from children as ARIs and malaria become more prevalent. Asili's water points will significantly reduce walking time for women and children, the individuals who most often are required to travel long distances to procure even contaminated drinking water. Household incomes are expected to increase as a result of market and agribusiness development through this co-operative approach, thus harnessing the productive potential of fertile land and entrepreneurship opportunities of local farmers and businesses.

The first year of funding under USAID's Global Development Alliance (GDA) has been a busy one. Asili's Zone 2 of operation began its own partial and distinct identity in 2015 Q4 as the water operations were formally demarcated between Zones and Asili's agriculture operations

extended into a new area surrounding Cirunga with our first planting in late 2015. Asili's Zone 1 clinic, located in Buhanga and opened under a previous grant, has been in operation for just over 1.5 years, Asili water network has expanded and has been consistently flowing throughout the water network for over one year and Asili's agriculture cooperative has just closed its sixth harvest. The first stage of this expansion included the designation of seven currently operating water points and one kiosk as Zone 2 water sales points with a further three water points to come online in late January 2016. The final piece of Asili's second Zone-- Asili's second clinic—designed after a rewarding co-creation process with RSP Architects and Target, has been completed and will open in early February 2016. At the close of Year 1, Asili remains on schedule to meet the program objective of launching four zones by the end of 2017 while maintaining Asili's brand promise to our customers of community, clarity, and consistency.



Major accomplishments during 2015 include:

- Asili's Stanford University-led program evaluation data collection in Zones 1 and 2 completed in December;
- Researched and completed technology roadmap for future point-of-sale and back office data management;
- Expanding partnerships with several local partners including the King of Kabare, *Action Sociale pour L'Organisation Paysanne* (ASOP), *Association Sociale des Usagers du Réseau de l'Eau Potable* (ASUREP) and *Reseau des femmes* (RDF), the community and local DRC government; and

- Highly successful co-creation activities with RSP Architects, Target and IDEO.org have resulted in the completion of Asili's Zone 2 clinic;
- Received DRC Ministry of Health's favorable review of health services;
- Twelve months of consistent, high-quality test results from ICRC of Asili water
- Completed first full year of simultaneous operations across all three Asili business lines;
- Expansion into a second of four eventual Asili zones of operation partially completed with water and agriculture operations initiated in 2015, health services to begin 2016.

Significant challenges continue to confront the program including the lead up to the probable DRC national elections in November 2016. As noted in our last report, some immediate impacts of these events include travel challenges for local staff and other possible administrative complications in the months ahead. The DRC-Asili team will continue to closely monitor these events and to develop strategies to address them.

1.2 Map



Legend



Asili Program Office



Agricultural Activities



Health Clinic



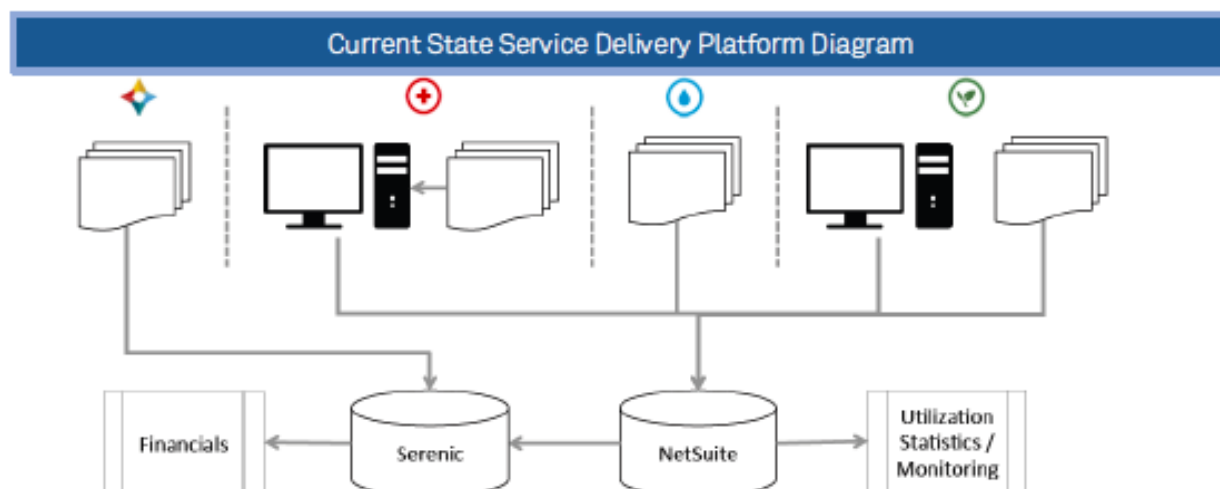
Water Point

2. PERFORMANCE SUMMARY

2.1 Business Platform

2.1.1 Progress Narrative

While the search continues for the long-term solution to Asili's data management systems, the current platform remains as outlined in our 2015 Q3 report to USAID. Asili currently uses two main databases for its data management: Netsuite and Serenic (a Windows-based program). Netsuite tracks sales, customer information, manages inventory and procurements and other typical business functions. One of the key challenges confronted during Asili's first year of operation has been how to provide an effective, reliable service delivery platform with the technological constraints common in South Kivu. Asili's current platform is designed as a 100% cloud-based single provider platform. While an extremely useful and powerful tool where there is regular, reliable Internet connectivity, the utility of this platform is limited where such Internet access is lacking. In response, the Asili team has identified and documented high-level business and functional requirements, including such things as accounting, customer relationship management, point of sale and electronic medical records (EMR). Potential vendors have been contacted, including CommCare, OpenMRS, Retail LS and others to see if they can meet our requirements in a cost effective way. Proposals to solve data management needs are currently under review. In the months ahead, a new platform will be rolled out designed to maintain Asili's unique data management edge in the market while reducing costs and maximizing the usefulness for front-line staff through eliminating duplication of work and providing a user-friendlier interface.



2.1.2 Implementation Challenges, Explanation and Next Steps

Indicator	Challenges and Explanation
Real-time data collection and analysis of business lines and customer segments for increased profitability, efficiency and customer satisfaction	
Percentage of Enterprise Resource Planning (ERP) solution monitoring of Asili clinic patient visits, history, and revenue, by year	Migrating to a platform with off-line data entry capabilities with sync to cloud as available. This will enable better data quality and reduce duplication of data recording for staff at point of sale.
Percentage of Enterprise Resource Planning (ERP) solution monitoring of Asili water transactions: customer/member history, cash flow, and amount of water (liters) distributed, by year	Percentage increase will depend upon continuing efforts to streamline the data collection process at numerous points of sale and its centralization and entry to the database.
Percentage of Enterprise Resource Planning (ERP) solution monitoring of Asili agriculture components: cash flow and revenue, by year	Percentage increase has improved over this year of operation through efforts to centralize data entry and to focus on process for agriculture staff. As additional harvests occur in the coming months, processes will continue to be refined.
Percentage of Asili customer satisfaction, by year	Tool for tracking this data has yet to be developed but is on the work plan for Q1 2016. In addition, there are data entry challenges as noted in response to the “Percentage of ERP solution monitoring” process noted above, since much of the customer satisfaction data will likely be collected at Asili clinics.

Next steps include a final review of proposals submitted by potential vendors and selection of a data management tool. Following this decision in 2015 Q4, a plan for testing the selected solution and rollout will be developed in early 2016 with a planned rollout by mid-2016.

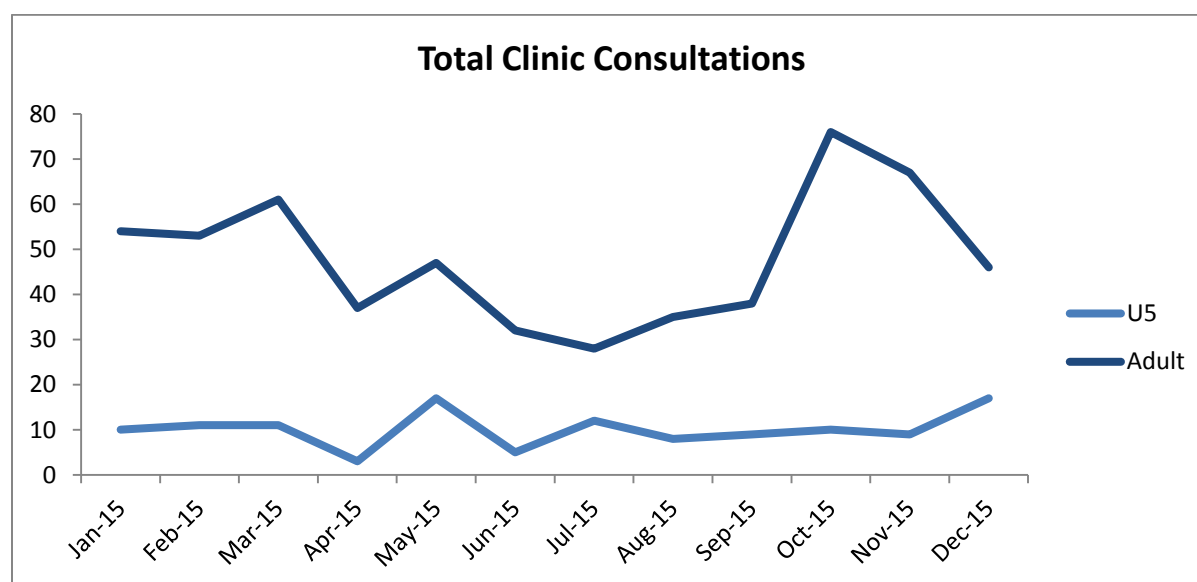
2.2 Health Clinic

2.2.1 Progress Narrative

Asili’s health clinic in rural South Kivu saw 696 new patients (574 adults and 122 children under 5) in 2015. Our patients continue to seek treatments for a wide range of ailments. Overall, the most common reason for U5 child consultations was for child wellness visits (consultation pre-

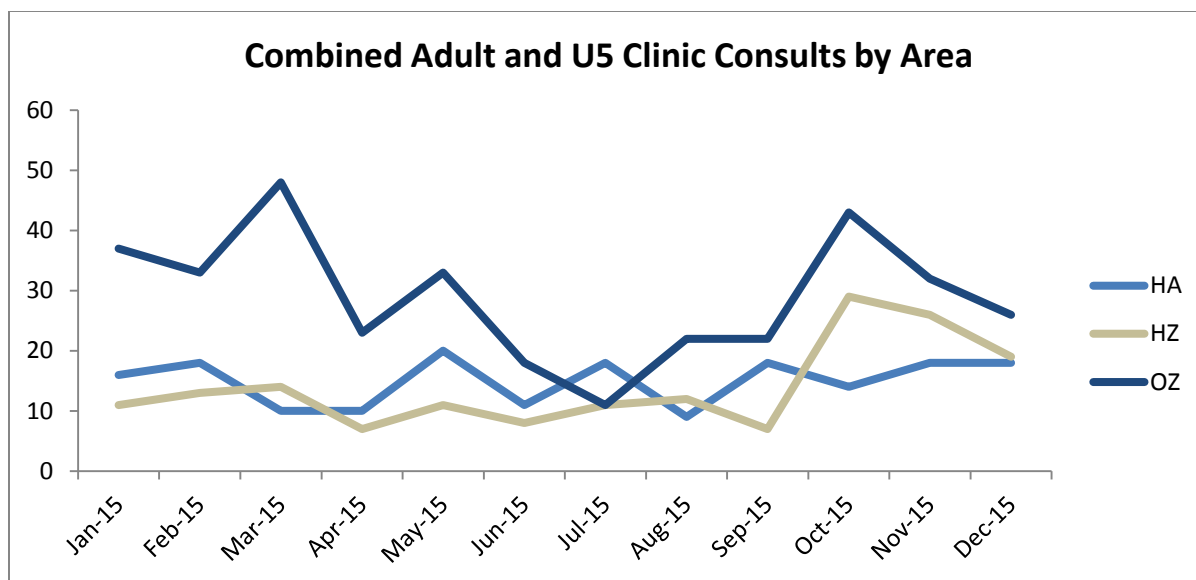
scolaire). Adults continue to visit the clinic primarily for chronic urogenital infections. One surprising feature of the patient visits in 2015 has been that nearly three-quarters of all visits have come from beyond the clinic’s immediate health area. This phenomenon is especially pronounced for adult consultations, of which more than 83%¹ have come from beyond the health area.

Unfortunately, overall clinic visits have been lower than projected. In an effort to better understand why, earlier this year, ARC health technical staff conducted focus group discussions.² Participants in these sessions noted a preference for self-care and for seeing an herbalist or spiritual healer before seeking formal health care. In addition, there appeared to be a lack of information on the value of early intervention in health conditions. These focus group discussions were followed by less formal discussions with staff and community leaders where Asili’s marketing and messaging were perceived as inconsistent. In conjunction with IDEO.org, the team will undertake further studies to further develop Asili’s marketing and outreach strategies.



¹ 475 of 574 adult consultations came from outside of the health area or outside of the health zone.

² Eight FGDs were conducted on February 18 and 22, 2015. Five Congolese facilitators (three women, two men) were hired to conduct the FGDs. Three of the four had previous experience with the Asili project and had conducted FGDs in the past. All spoke French, Swahili, and Moshi. Two facilitators presided over each FGD—one in the role of facilitator, the other in the role of note-taker. FGDs were sex-segregated and conducted in Moshi. Each had 8-10 participants and lasted approximately 60-90 minutes. Four FGDs were conducted in Buhanga (two men, two women) where the Asili clinic is located. These were divided into Asili members and non-members. As many individuals outside the “aire de sante” access the Asili clinic, two FGDs were conducted in each of two neighboring communities (Ludaha & Musakambo). Participants provided verbal consent to participate, and all chose to participate willingly and of their own accord. A total of 64 individuals (31 women, 33 men) participated in the focus groups. Thirty-two (15 women, 17 men) were from Buhanga, the aire de sante (health area) where the Asili clinic is located, 15 of whom (7 women, 8 men) were Asili members. Thirty-two (16 women, 16 men) were from two villages hors aire (outside the health area).

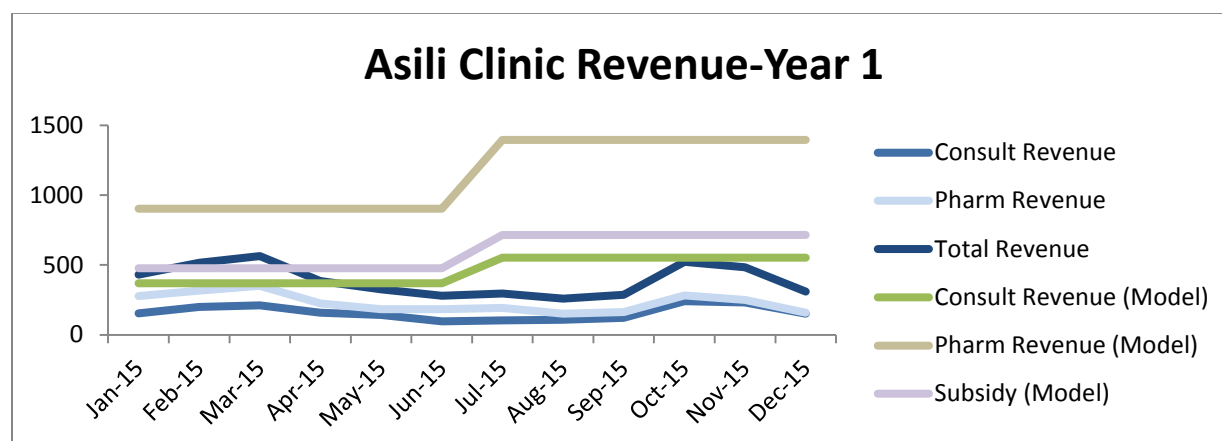


In an effort to increase patient visits from within the health area, the health team spent several weeks in August strengthening sales team capacity. This has resulted in a 73% increase in visits overall, from Q3 to Q4 2015 and visits from within the health area increased 11% during the same period. Training sessions for clinic staff to reinforce consistent sales messaging and techniques will continue in the months ahead as we work towards our consultations goals. The objective is to continue to reinforce sales staff capabilities and expansion of sales and marketing techniques to high volume, low cost approach. Finally, our hope is to continue this capacity building as Asili's second health clinic located in the village of Karambi is will take its first patients in February 2016.

2015 Top Health Conditions Disaggregated By Sex and Age Cohort						
Children	#	Top Condition 1	Top Condition 2	Top Condition 3	Top Condition 4	Top Condition 5
Male	64	Immunization (n=20)	Verminosis (n=6)	Intestinal Amoeba (n=5)	Skin conditions (n=5)	Pneumonia (n=5)
Female	58	Immunization (n=25)	Pneumonia (n=7)	Malaria (n=5)	Angina (n=5)	Intestinal Amoeba (n=4)
Adults						
Male	21	UTI/STI (n=57)	Gastritis (n=41)	Typhoid Fever (n=18)	Hypertension (n=12)	Malaria (n=10)
Female	36	UTI/STI (n=133)	Gastritis (n=87)	Typhoid Fever (n=15)	Hypertension (n=14)	Prenatal Consultation (n=8)

As depicted in the table above, Asili's health demographic continues to be largely adult women (52%) with overall female (adults and children) participation in Asili health at 60%. As indicated on earlier reports, Asili's first health clinic persists as a destination for adults suffering from urogenital infections and for child wellness visits (which includes routine immunizations). At this stage we remain uncertain as to why such a high percentage of our adult patients seek

treatment for ur-genital infections (33.3%) with the next most common ailment, gastritis, accounting for little over 15% of our adult client-base.



As might be expected from the lower than projected consultation numbers, the table above demonstrates that overall clinic revenues are significantly lower than projected. Although revenues increased from Q3 to Q4, further monitoring in the coming quarters is needed to gauge any lasting impact of our community marketing measures initiated in August and September 2015. Asili's business model was designed with insights from IDEO.org gathered during field visits in 2013. The business model is intended to guide Asili's path to profitability but is a living document. As the year has progressed, the staff have investigated the probable causes of this lower than expected patient-base. As discussed above, a few preliminary insights have been gained including that the marketing efforts and approach necessary to explain Asili services to the community have required far greater attention than initially thought. Greater research and analysis is required in the months ahead to better understand this situation, which will begin with IDEO.org's research in early 2016. In addition, the subsidy component of Asili's model has not yet been launched. The team has been focused on implementing the core service components of the business line over much of 2015, but in 2016, attention will move to identifying the most vulnerable people in Kabare and connecting them with subsidized access to Asili services. Possible local partnerships necessary to identify this population are currently being vetted and plans to implement the subsidy in 2016 are being developed.

2.2.1 Implementation Challenges, Explanation and Next Steps

As noted in our previous quarterly report, an ongoing challenge is in meeting our monthly consultation targets. We have continued to see improvements in clinic numbers since undertaking a sales staff retraining in August. As noted above, overall visits increased 73% from Q3 to Q4 2015. While still preliminary, health area improvements might be attributable to our engagement and training of the Asili customer facing staff and community engagement activity. In either case, health visits were higher to end the year.

Another important challenge has been ensuring a timely expansion to a second zone of operation. While Asili water points have been active in Zone 2 for much of 2015, Asili's second health

clinic, designed as the result of a co-creation process with RSP Architects and Target Corporation in Minneapolis, will open to the public in early 2016.

Following IDEO.org's much anticipated human-centered design activities in early 2016 (discussed below in the Partnerships section of this report), Asili staff will deepen and continue a comprehensive sales force-training plan that will focus on all facets of Asili services coupled with a sales and marketing strategy aimed to significantly increase clinic visits and revenue.

Lastly, one of the key elements of Asili's design was a subsidy mechanism to provide access to the poorest members of Asili communities. We believe subsidizing Asili memberships within our health area and health zone will significantly increase clinic visits and revenue. We are currently developing a prototype with an investor to test this hypothesis. Given some of the complexities in implementing such a subsidy program, we are cautiously approaching this important part of Asili's business model and plan to pilot the subsidized service provision in Zones 1 and 2 in mid- to late-2016.

2.3 Water

2.3.1 Progress Narrative

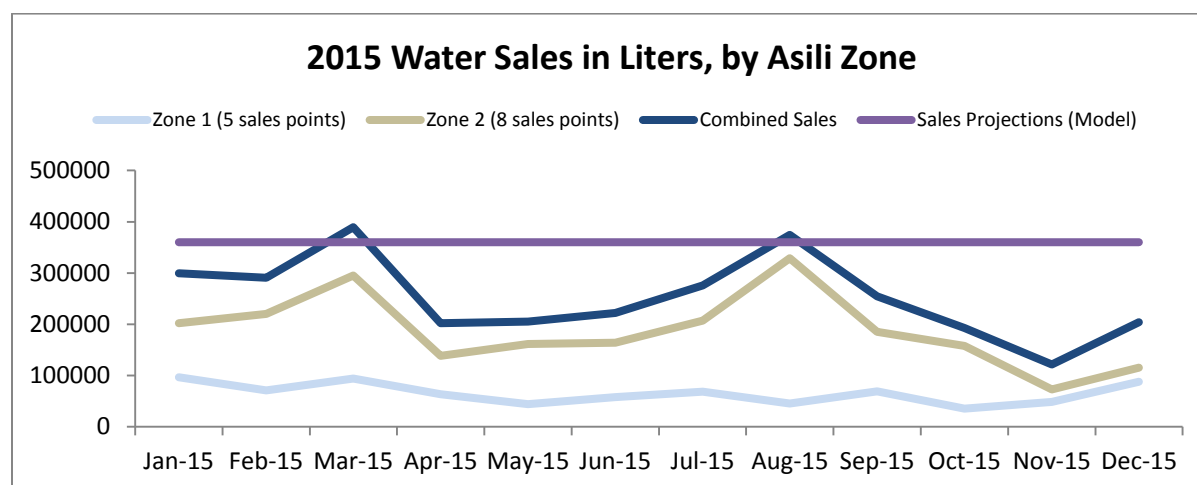
Given our relentless emphasis on improving service and data collection and reporting processes, Asili's water network sold over 3 million liters of clean, safe water in 2015. Asili Water continues to embody our brand promise to deliver quality services to the community with consistency and clarity. Moreover, Asili has been offering a reliably safe and consistent water supply to the community since late 2014. When our final three non-functional water points scheduled to come online in January 2016, the entire Asili water network—covering two zones and offering first time safe water access to at least 20,000 people.³ Periodic water testing (micro-biological parameters, PH, turbidity) done in zone 1 by both program staff and ICRC has consistently shown the water to be of very high quality. In addition, works were ongoing to expand service to Asili's final three water points. These activities included the construction of the reservoir as well as installation of the pipeline linking the new reservoir tank to the three water borne fountains constructed in an earlier phase of system build-out. These remaining water points will open to the public in late-January 2016. With the expansion bringing the full system in use in January 2016, ARC will start implementing its Water Quality Assurance Plan (as part of the Environmental Mitigation and Monitoring Plan) and run regular scheduled water testing at key points. In addition, data reporting has also become more consistent and reliable throughout 2015. All functional water points have reported basic sales data on time in the past 5 months. Our fountaineers who operate Asili's network of 13⁴ water points continue to refine their data management skills and the decision to designate Kiosk operators as an intermediate data collation point has streamlined this process and has enhanced the leadership status of these key employees in the Asili water business. The gravity-fed system has proven remarkably stable and thus reliable to meet the community's need for this precious resource. Initial assessment has

³ This figure is based on the assumption that each Asili zone is designed to offer services to a catchment of 10,000 individuals and there are presently two Asili zones with a functioning water network.

⁴ This number will increase to 16 water points from January 28, 2016.

been made of possible Zone 3 water locations in Mudaka that would rehabilitate an existing network rather than construct one as was done for Zones 1 and 2.

As the chart below indicates, the Asili business model had anticipated a sales volume for 13 water points of 360,000 liters per month. In March and August, Asili total combined sales exceeded this goal. It is likely that the business model did not fully anticipate the effects of seasonal behavioral adaptations by consumers in capturing excess rainwater for household use during Kabare's rainy seasons. As we now have one year of data and begin to collect a second year's worth, we will be better able to modify the model to account for seasonal variability in consumption. Overall, however, as these figures clearly demonstrate: Asili has had robust and consistent water sales throughout 2015, particularly in the more densely populated Zone 2.



2.3.2 Implementation Challenges, Explanation and Next Steps

As noted in a previous report, there have been several important lessons learned from water system operations in 2015: first, the gravity fed option is a safe, reliable delivery mechanism that while more expensive to construct, has proven less expensive to operate. While decisions on future water systems are necessarily driven by the context found within a particular zone of interest, the initial results from Zone 1's system type is very encouraging. In addition, we have learned the importance of location in water point placement to profitability. With this knowledge we are refining the selection criteria for water point placement and exploring ways to reduce our cost basis. Asili Zone 3 water expansion assessment and planning is ongoing with the peri-urban district of Mudaka proposed as the most suitable market for Asili's third zone slated for launch by mid-2016. Finally, as in other business lines, staff capacity is a critical implementation challenge. The lack of formal



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training or familiarity with keeping records and entering data are perhaps the biggest obstacle faced to date. Our strong network with local partners has provided avenues to constructively address these challenges. In the water business operations, this has meant adding the intermediate level of a data focal person in each of our two operating water kiosks. This step has significantly improved both the consistency with which data is received and the reliability of the figures reported. Finally, Asili's program fellow met with program staff in mid-December to discuss and review data collection challenges and processes pending the piloting of a tablet-based point-of-sale platform later in 2016.

WASH Snapshot	Y3 Goal	Y1
Number of people in target areas with first-time access to improved drinking water supply as a result of USG support (disaggregated by Asili zone)	30,000	20,000

2.3.3 Next Steps

The remaining three Zone 2 water points are scheduled to go live in late January 2016. Assessments of existing water infrastructure and possible water sources will continue throughout Q4 2015 with site selection to take place in Q1 2016.

We plan to pilot a next generation of data collection for the water program in the coming months. Program staff are working on a prototype a basic low cost Android tablet solution to validate this assumption. Prototypes will be tested during Q4. Finally, we will continue sales force training and community development throughout Q4 and beyond.

2.4 AGRICULTURE

2.4.1 Progress Narrative

At the time of this report, Season A-3 planting (a highland planting season) has been completed with harvesting planned for early 2016. Highland harvests tend to be larger than lowland harvests and this season has seen 214 farmers join the Asili-sponsored cooperative compared to the season B-2 cohort of 59 farmers who completed their lowland harvest in Q4 2015. The A-3 cohort has planted a total of 56 acres of potatoes. Nearly 40% of our current farmers are women.



Earlier in 2015, the previous highland cohort (A2) of 216 farmers harvested 113,000 kgs potatoes. After repaying the cooperative for implements, farmers in this first harvest lost, on average, \$14 per farmer. Given lessons learned from this and previous harvests, the focus of subsequent harvests has been to focus on a comparatively smaller cohort of farmers, to make a more modest upfront investment and to stage planting and harvest to reduce rot.

2015 FARMER COHORT PROFILE (HARVESTS B-2/A-3)

	Village	# of Farmers	# of Women	Percentage Women	Total Acreage
	Buhanga	50	9	18%	8.75
Zone 1	Musakambo	35	23	66%	6.19
	Mukoma	26	3	12%	3.86
Zone 2	Bugobe	109	48	44%	22.4
	Cirunga	53	18	34%	20.1
TOTAL		220	101	46%	61.3

2.4.2 Implementation Challenges and Explanation

There were two key goals coming out of the first harvest of 2015: to reduce Asili's upfront investment (risk) in future harvests and second, to reduce the rot of potatoes held in stock while in transit to potential customers. By focusing on a smaller cohort of more productive farmers, we sought to minimize exposure from failure to repay. We also encouraged the staggering of planting in order to better distribute the harvest interval to gradually push stock out to market. While the current harvest is underway and thus it is too early to know for sure whether these steps have improved the agriculture business, early indications are promising: with nearly half of the farmers finished harvesting, only 11% have shown an operating loss, compared to 63% of the farmers harvesting at this time in 2014.

Potato Harvest	Zone	# of Farmers	Total Yield (kgs)	Total for Sale (kgs)	Total Seed/Family Use (kgs)	Fertilizer/Seed Debt Average /Farmer	Profit or Loss/Farmer (USD) (Sales Revenue)
A2	1	216	113,000	77,000	36,000	-\$249	-\$14
B2	1	59	60,815 ⁵	28,629 ⁶	17,178 ⁷	-\$65	\$192
A3	1, 2	214	CURRENT PLANTING			-\$215	***

2.4.3 Next Steps

Our goal in the months ahead is to continue to improve the distribution chain between the farmer and customer by improving transport, warehousing and sales. Doing so will establish a viable Agriculture line of business for Asili and the Farmers. In addition, expanding both the crop selection and variety are goals for the coming year.

⁵ Preliminary figure, official number to be released with Q1 2016 report once final figures are compiled.

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2.5 Co-Creation and Leverage

2.5.1 Progress Narrative

There have been several important co-creation activities for Asili in 2015. Perhaps most notably



has been Stanford's engagement to carry out the program evaluation. Given the complexity of the project, Stanford has partnered with a Congolese research organization, CARDE, who will implement data collection in DRC. ARC and Stanford staff oversaw the initial round of data collection in Zones 1 and 2 in mid-December 2015 after securing ethics approval of the research instrument and program from DRC authorities and Stanford's Institutional Review Board. The teams worked closely to develop the survey instrument and research protocol after extensive review and input provided by USAID in Washington and

Kinshasa.

Another key and ongoing co-creation relationship involves IDEO.org. IDEO was deeply involved in the design and planning of Asili and its business model. Final touches are being put on the team's return to DRC in early January 2016 with a new challenge: How can Asili better drive engagement with customers? Whom should marketing be targeted at and what should the message(s) be? The aim of IDEO's work is to develop a comprehensive sales manual. IDEO is highlighting Asili in their first impact report this November. They have been working closely with the Asili team to prepare for this engagement.

In addition, successful proposals were presented to various donors throughout 2015 to support Asili's agriculture and other operations. First, the Mortensen Family Foundation awarded ARC \$150,000 (\$50,000 per year, renewable for three years) to help subsidize the agriculture business and to support continued innovation within this sector. A proposal has also been submitted to Congo-based telecom giant Airtel to assist with kiosk construction and electrification as well as to introduce Airtel's mobile money to Asili. The electrification investment would see the installation of smaller solar systems than used in our clinics to permit longer opening hours, phone charging capacity and to permit retail of Airtel products. Negotiations continue with Airtel on this exciting opportunity. Finally, numerous engagement activities continue with various individual donors and faith-based business leaders to support Asili's ongoing activities.

3. CROSS-CUTTING ISSUES

3.1 ENVIRONMENT

Throughout 2015, Asili staff in DRC worked closely with the USAID Mission to ensure the program's compliance with applicable environmental protocols. In Q3, ARC hired an international consultant to assess Asili operations and develop an Environmental Monitoring and Management Plan (EMMP) in accordance with the Initial Environmental Evaluation (IEE) recommendations. This review, which was submitted to USAID for review, produced a series of recommendations concerning the entire range of Asili activities in South Kivu. In response, ARC's WASH technical adviser visited the program and has developed a series of interventions and reporting formats and schedules to ensure ongoing monitoring and mitigation of the environmental impact of Asili's activities. With the expected bringing the full system in use in January 2016, ARC will start implementing its Water Quality Assurance Plan (as part of the Environmental Mitigation and Monitoring Plan) and run regular scheduled water testing at key points. Finally, for Asili agriculture operations: USAID requested and Asili provided a list of implements currently used in crop cultivation for inclusion in USAID's PERSUAP. We await the outcome of this process at the time of this report and will provide an update in our next quarterly report.

3.2 GENDER

Asili continues to be a major employer of women in our areas of operation. Women serve in both staff and management capacities. All 13 of our current fountaineers are women as will be the three additional staff brought on in early 2016 for our remaining Zone 1 water points. In addition, half of our current nursing staff and our medical director are women. Significantly, nearly half of Asili farmers are women, generating significant economic opportunity for them. Finally, women continue to make up nearly 60% of our clinic



patient volume. The variety and quantity of opportunities for women with Asili are many and the value these employees, partners and customers create in Asili is very highly valued. Asili will continue to recruit women for its agriculture and water operations positions as it expands into future zones and offer training and other opportunities to the staff and essential medical services in the areas of women's health.

3.3 COORDINATION (STAKEHOLDER PARTICIPATION AND INVOLVEMENT)

The first year of Asili's operation under the Global Development Alliance has been remarkably stable in the area of stakeholder coordination. Asili's three enduring partnerships with Congolese

organizations, *Action Sociale pour L'Organisation Paysanne* (ASOP), *Association Sociale des Usagers du Réseau de l'Eau Potable* (ASUREP) and *Reseau des femmes* (RDF), have deepened in 2015 and are poised for ever further innovation and success in Year 2. ASOP, our agriculture partner, continues to provide valuable technical assistance to Asili farmers to ensure that farmers best utilize Asili agriculture implements and engage in best practices and for expansion into future zones. One challenge faced in this relationship is that of the business responsibilities ASOP currently carries out. Since ASOP has not operated in a formal business capacity in the past, there is room for improvement in areas such as negotiating the price of agriculture inputs that the co-op will sell to Asili farmers. In the months ahead we will work with ASOP to more clearly delineate the roles and responsibilities in the partnership to ensure Asili is getting the best value possible and the ASOP is focused on its areas of strength. Asili's partnership with ASUREP and RDF are very closely related: both are connected to Asili's water operations. ASUREP continues to provide valuable technical assistance and is a valued resource. We expect the relationship to continue, both for our current operations in Zones 1 & 2 as well as for expansion into new markets, in the year ahead. RDF continues to play a critical role in organizing the borne fontaine operators and ensuring that Asili's business and marketing messages are clearly communicated to these community-based staff members. In sum, our local partnerships have been enriched through our ongoing program activities over the course of 2015 and are on track to be more focused and deepened as the program moves forward.

4. CHALLENGES AND LESSONS LEARNED

As noted in Asili's Quarter 3 report, three significant challenges were confronted during the first year of operation. Since Asili is meant to operate as a business enterprise, it is critical that each of Asili's business lines achieve profitability. In order to achieve profitability, constant adjustments must be made to assumptions made within the business model. Perhaps the most significant of these challenges concerned far lower clinic consultations than our model had projected. Second, while water sales remained strong and relatively consistent throughout 2015, the volume of sales and diffuse and numerous points-of-sale required an emphasis on management processes that would ensure both accurate point-of-sale data collection and timely, accurate data entry procedures from each of the 13-active sales points throughout the Asili network. Finally, in agriculture, we have focused on improving our (and our member-farmers) return on investment within Asili's agriculture operations.

In response to lower than expected clinic visits, ARC's technical advisor has worked closely with the health staff and community to identify possible reasons for this trend. This process revealed poor staff knowledge and inconsistent communications about Asili's services and purpose. In July and August an intensive staff re-training was initiated and in its wake there has been a steady increase in clinic visits. This trend has continued throughout the conclusion of 2015 and new staff have been trained on similar community outreach techniques that we hope will continue to improve client consultation levels in Zone 1 and to start our second clinic in a strong position when it opens in early 2016. Either way, our staff have been empowered and up skilled to deliver Asili's brand promises to the community.

Structural changes to Asili's management structure in our water business began in 2015 Q3 and Q4 witnessed a normalizing of these new processes. These process changes, which came as a

result of an iterative process of Asili's field team working closely with RSF and, over the course of several months, instituting structural changes to how data was collected setting up sales ledgers for fountaineers and kiosk operators that were standardized across the business and second, designating the kiosk operators as an intermediate data collation focal point. This step helped ensure consistent data reporting from each of our sales points and permitted the team to focus on data quality. Asili's program manager fellow then visited the staff in December 2015 to further streamline the data collection processes as staff prepare to pilot a tablet-based sales system in 2016. As noted in a previous report, this process marked a major improvement in the business and serves as a valuable lesson in the importance of strong local relationships in problem solving.

Lastly, Asili's agriculture business continues to generate strong interest in the community, particularly as Asili expands from its initial base of operations. At the same time, given its popularity, we have often generated more produce than the market could manage given cold storage challenges necessary to prolong the life of potatoes in this climate. As such, the Q4 harvest emphasized a reduction in the total number of farmers and a focus on more productive farmers with an existing relationship with Asili. This effort, designed to reduce Asili's initial investment and thus risk of loss, was largely successful as more Asili farmers were profitable than in past harvests. In addition, as noted previously, we worked with ASOP to stagger planting in an effort to improve our inventory management at harvest. Season B-2's harvest's staggered planting seems to have succeeded in reducing stock loss due to rot, since sales volume was better able to keep pace with demand thus reducing the time stock was kept in storage pending transport to the customer. Also, the lower number of farmers and the focus on the most productive farmers from previous harvests might have contributed to overall individual loss where only approximately the 10% of B-2 cohort showed a loss.

In sum, Asili will undoubtedly continue to face significant challenges in establishing not one but three independent business lines in an unfriendly business and unstable political environment over the next two years but we can approach these challenges with the confidence that comes from having confronted important challenges in these first year of this grant and the significant strides made in instituting improved processes.

5. BUDGET

American Refugee Committee				
Appropriation Number - Agreement AID-OAA-A-15-00026				
USAID GDA				
Funding Grant Period: July 8, 2015 to December 31, 2017				
Actual Expenses for the Period October 1 through December 31, 2015				
Description	<u>Approved Budget</u>	<u>Current Period</u>	<u>Contract To Date</u>	<u>Budget Remaining</u>
I. Personnel	\$1,362,777	\$114,331	\$315,571	\$1,047,206

II. Program Staff Benefits & Allowances	552,663	46,280	129,350	423,313
III. Travel & Transportation	46,599	20,306	104,747	(58,148)
IV. Equipment	0	0	0	0
V. Contract for Service	36,000	18,257	50,427	(14,427)
VI. Program Costs	355,760	26,865	32,249	323,511
VII. Other Direct Costs	250,355	57,883	192,389	57,966
Total Direct Costs	\$2,604,154	\$283,922	\$824,733	\$1,779,421
Indirect Costs @ 15.20%	395,832	43,157	125,360	270,472
Total Project Cost	\$2,999,986	\$327,079	\$950,093	\$2,049,893

Total Leverage expenses in 2015: \$921,781

6. CONCLUSION AND UPCOMING EVENTS

In sum, Asili's first year under the GDA cooperative agreement have had a positive impact and expanded water and agriculture activities have begun in Cirunga. EMMP assessments have been completed for both of Asili's current zones. ARC has worked with the USAID Mission to identify, vet and select a viable site for Zone 3 activities with a focus on the Mudaka peri-urban area a selection made after a rigorous review guided by criteria developed to maximize profitability consistent with the Asili business model. Asili continues to iterate based on the market and various constraints in the Kabare context. Among the key areas addressed in 2015 include an emphasis on building staff capacity and more community-based marketing of Asili services as well as in the area of data collection and management. The Asili management team continues to seek out co-creation opportunities intended to achieve that objective—both within and outside of Congo as evidenced by actively engaging Airtel in Kinshasa and large international firms like Target in the United States. These activities are ongoing and will remain areas of focus as Asili enters its second year.

Asili's Zone 2 Clinic – Cirunga



ANNEX A: SUMMARY OF RESULTS TO DATE

Please see attached report.